

MINUTES

MONTANA SENATE 56th LEGISLATURE - REGULAR SESSION

COMMITTEE ON LOCAL GOVERNMENT

Call to Order: By **CHAIRMAN MIKE SPRAGUE**, on February 16, 1999 at 3:00 P.M., in Room 405 Capitol.

ROLL CALL

Members Present:

Sen. Mike Sprague, Chairman (R)
Sen. Ken Miller, Vice Chairman (R)
Sen. John C. Bohlinger (R)
Sen. Chris Christiaens (D)
Sen. Dorothy Eck (D)
Sen. Bill Glaser (R)
Sen. Duane Grimes (R)
Sen. Don Hargrove (R)
Sen. J.D. Lynch (D)
Sen. Dale Mahlum (R)
Sen. Jon Tester (D)

Members Excused: None.

Members Absent: None.

Staff Present: Jodi Pauley, Committee Secretary
Mary Vandembosch, Legislative Branch

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 454, 2/12/1999
Executive Action: SB 349, DPAA; SB 415, DP; SB 417, DP; SB 423, DP

EXECUTIVE ACTION ON SB 349

Motion: SEN. CHRIS CHRISTIAENS moved AMENDMENTS FOR SB 349 BE ADOPTED. **EXHIBIT**(los38a01)

Discussion:

SEN. CHRISTIAENS discussed the amendments. **EXHIBIT (1)**

Vote: Motion **carried unanimously 11-0.**

Motion: **SEN. CHRISTIAENS** moved that **SB 349 DO PASS AS AMENDED.**

Discussion:

SEN. JOHN BOHLINGER said any effort that they make to provide housing for the 44 percent of the population that has to rent or are living in sub-standard homes is important.

Vote: Motion **carried unanimously 11-0.**

EXECUTIVE ACTION ON SB 415

Motion: **SEN. DALE MAHLUM** moved that **SB 415 DO PASS.**

Discussion:

SEN. KEN MILLER said every time they set up preferential bidding processes it causes problems.

Substitute Motion: **SEN. MILLER** made a substitute motion that **SB 415 BE TABLED.**

Discussion:

SEN. J.D. LYNCH said maybe they should see if this is going to work. It is only \$500 and he would like to see it on the Floor of the Senate.

Vote: Motion **failed 2-8 on a roll call vote.**

Discussion:

SEN. CHRISTIAENS said if they had some of these in place, they wouldn't be looking at a bid at Montana State Prison to an out-of-state firm.

SEN. BILL GLASER said there are three bids on this Capitol building and they need to look at the bidding industry.

SEN. LYNCH said they were surrounded by in-preference states and this is why they did this in Montana. It was unfair to our

Montana contractors to have to bid in Idaho when they had a preference.

Vote: Motion **carried 9-1 with Miller voting no.**

EXECUTIVE ACTION ON SB 417

Motion/Vote: SEN. CHRISTIAENS moved that **SB 417 DO PASS. Motion carried unanimously 10-0.**

EXECUTIVE ACTION ON SB 423

Motion: SEN. CHRISTIAENS moved that **SB 423 DO PASS.**

Discussion:

SEN. MAHLUM said this was brought to him by the Mayor of Missoula. This would help the larger areas such as Missoula, Great Falls, etc. If the land is zoned when they bring it into the city they want to use that same zoning, rather than re-zoning it.

SEN. MILLER asked in order for a city to change the zoning when they bring a piece of land in, don't they have to do all the advertising, posting, etc? **SEN. MAHLUM** said that was correct.

SEN. DOROTHY ECK asked if they have just one hearing on both issues then they don't have to have the second hearing? **SEN. MAHLUM** said that was correct.

SEN. MILLER said they could still change the zoning if they wanted to and they would still have to do the hearing, posting, etc.. **SEN. MAHLUM** said yes.

SEN. LYNCH said this won't have any affect on Butte-Silver Bow because they are consolidated government.

SEN. MAHLUM said several of the planners in Missoula where also in favor of this.

Vote: Motion **carried 9-1 with Miller voting no.**

{Tape : 1; Side : A; Approx. Time Counter : 3:17 p.m.}

SEN. JON TESTER took over the chair.

HEARING ON SB 454

Sponsor: SEN. TOM BECK, SD 28, Deer Lodge

Proponents:

Mary Allen, Granite and Powell Co.

Opponents: None

Opening Statement by Sponsor:

SEN. TOM BECK, SD 28, Deer Lodge, said this is a bill to ask the State Prison Ranch to make a payment in lieu of taxes to Powell County. This ranch is operated for a profit on the prison and serves as rehabilitation purposes. At one time the ranch was not making a profit, but under new management it now is. They have the money to pay Powell County. taxes as they have made many improvements and hire their help for about \$2 a day. This was taken off the tax roles around the late 1950s, early 1960s. He said about four years ago they built a dairy barn and pulled money away from the ranch to build this. He estimates that they have around \$800,000 built back up into their ranch operation. Approximately \$60,000 of this should would be paid in taxes to Powell County if it was on the tax roles. He compared this to the Rock Creek Cattle Co. that is approximately the same size, etc..

Proponents' Testimony:

Mary Allen, Granite and Powell Co., said Granite and Powell Counties support this bill.

Opponents' Testimony: None

Questions from Committee Members and Responses:

SEN. MAHLUM asked how he came up with the figure of \$60,000?

SEN. BECK said he is comparing this to Rock Creek Cattle Co.

SEN. MAHLUM asked what do they do with the profits right now?

SEN. BECK said they are allowed to build a big pool for operating expenses to buy equipment, pay wages, etc. He said he assumes that the overflow goes to the General Fund.

SEN. CHRISTIAENS said these are funds that go to the operations and he believed in 1995 they took close to a million dollars from the ranch operations to the General Fund. He questioned, though, in times when this ranch is not profitable, they would have to come to the General Fund to pay the taxes. SEN. BECK said this is

a concern. He said if it were actually ranch operations that were beginning to fall behind, then there needs to be some control of where this money comes from. If the state is taking away from the fund for General Fund purposes, then this should be priority.

SEN. CHRISTIAENS said there needs to be some language in here that says the Department of Corrections doesn't have to come and beg to make this payment in lieu of taxes. **SEN. BECK** said this property was taken off the tax roles at one time and there needs to be some type of reimbursement for Powell County because this is a profit making entity.

CHAIRMAN SPRAGUE asked how many shares does the dairy have? **SEN. BECK** said he was not sure, but it is about double of their initial purchase.

CHAIRMAN SPRAGUE said he thought that the dairy owned three pieces of the pie chart in the dairy pool.

SEN. LYNCH asked if there are any other counties that are losing taxes to a revenue producing entity. **Gordon Morris, Montana Assoc. of Counties**, said there are a lot of instances in which private property is transferred to public property and goes off the tax roles. This bill is putting this property into the formula for calculating the assessment that comes out of the state land payments. Any counties in excess of six percent of land that is owned by the State of Montana is entitled to state land payments. State land payments are funded annually at \$265,000. This bill will make it so the dairy will qualify for part of Powell County's total land property for calculation of their state payment in lieu of. It is not a matter of putting general fund money into it, because the money is already there.

CHAIRMAN SPRAGUE said because of the configuration of state land, isn't there land that is not as desirable or cannot be developed? **Gordon Morris** said yes, this is a very attractive piece of land in comparison to the majority of state lands.

SEN. MILLER asked how much of an impact would this be to Powell County if they closed down the prison ranch? **SEN. BECK** stated they would have to sell it and get it back on the tax roles. He said he does not necessarily want to go into the state's limited share, he wants to make this a new revenue coming from the prison ranch itself.

SEN. LYNCH said perhaps they need an amendment to put in the \$60,000 and do away with the six percent share. **SEN. BECK** said this does not deal with the General Fund, but is coming out of the ranch fund.

SEN. CHRISTIAENS said perhaps they should pass it as it is, and amend it in the House. **SEN. BECK** said he would rather take care of it here.

Closing by Sponsor:

SEN. BECK said that \$265,000 is spread very sparingly across the state now and he does not want to go into this fund.

Discussion:

SEN. LYNCH said he would like to request a conceptual amendment to this bill to put in the \$60,000 to reimburse Powell County.

SEN. MILLER said perhaps they should send this to Finance and Claims.

SEN. LYNCH said this is not an appropriation bill.

SEN. GLASER said this has to be non-levy revenue.

ADJOURNMENT

Adjournment: 3:44 P.M.

SEN. MIKE SPRAGUE, Chairman

JODI PAULEY, Secretary

MS/JP

EXHIBIT (los38aad)